

STATE OF SOUTH CAROLINA

(Caption of Case)

In re:

Application of Palmetto State Utility Services, Inc.
For Certificate of Public Convenience and Necessity
to provide Water and Sewerage Services

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2007 - 356 - WS

(Please type or print)

Submitted by: Marcus A. Manos

SC Bar Number: 011876

Address: Nexsen Pruet, LLC

Telephone: 803-253-8275

P.O. Drawer 2426

Fax: 803-727-1467

Columbia, SC 29202

Other: _____

Email: mmanos@nexsenpruet.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input checked="" type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input checked="" type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input checked="" type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other: <u>OK D. Duke</u>
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

RETURN DATE: OK D. Duke
SERVICE: OK D. Duke

Marcus A. Manos
Member
Admitted in SC, NC, DC

December 19, 2007

VIA HAND DELIVERY

Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
Synergy Office Park
101 Executive Center Drive
Columbia, South Carolina 29211

RECEIVED
2007 DEC 19 PM 3:17
SC PUBLIC SERVICE
COMMISSION

**Re: Application of Palmetto State Utility Services, Inc. for Certificate
of Public Convenience and Necessity / Docket No. 2007-356-WS**

Dear Mr. Terreni:

Charleston

Charlotte

Columbia

Greensboro

Greenville

Hilton Head

Myrtle Beach

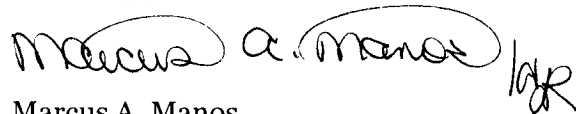
Enclosed for filing with the Public Service Commission is an original and twenty-six copies of the **Written Testimony Of McClellan Harris III On Behalf Of Palmetto State Utility Services, Inc.** in the above referenced matter. Please return a clocked-in copy to me via our courier.

By copy of this letter and as evidenced by the attached Certificate Of Service we are serving the Office of Regulatory Staff with copies of the above Written Testimony.

Thank you for your assistance in this matter.

With best regards, I am

Very truly yours,



Marcus A. Manos

MAM/hjr

Enclosures

cc w/encl.: Shealy Boland Reibold, Esquire

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2007-356-WS

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COMMISSION

IN RE:

Application of Palmetto State Utility
Services, Inc. for Certificate of Public
Convenience and Necessity.

WRITTEN TESTIMONY OF
McCLELLAN HARRIS III
ON BEHALF OF
PALMETTO STATE UTILITY
SERVICES, INC.

1 Q: PLEASE STATE YOUR NAME.

2 A: My name is McClellan Harris III.

3 Q: PLEASE STATE THE BUSINESS ADDRESS OF PALMETTO STATE UTILITY
4 SERVICES, INC.

5 A: Palmetto State Utility Services, Inc.'s (the "Applicant") principal place of business is
6 located at 535 Anton Boulevard, Suite 150, Costa Mesa, California 92626. The
7 Applicant will have an office located at Fort Jackson, South Carolina.

8 Q: BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

9 A: I am the Senior Vice President and Assistant Secretary of the Applicant. I am also the
10 Senior Vice President and Assistant Secretary of American States Utility Services, Inc.
11 ("ASUS"). ASUS is the parent corporation of the Applicant.

12 Q: PLEASE DESCRIBE YOUR DUTIES FOR THE APPLICANT.

13 A: In my capacity with Palmetto State Utility Services, Inc. I am responsible for executive
14 level guidance, strategy and general management of the Applicant.

1 Q: PLEASE DESCRIBE YOUR DUTIES FOR ASUS.

2 A: In my capacity as Senior Vice President and Corporate Secretary of ASUS, I am
3 responsible for all aspects of development, management and control of strategic growth
4 initiatives and projects. I also serve as a member of the senior executive team and
5 provide advice and counsel to the President and CEO, the Board and others on matters
6 pertaining to my assigned areas of responsibility. In the external environment, I
7 represent ASUS to organizations and agencies, taking an active strategic developmental
8 role by providing on-going liaison and advocacy with business communities,
9 municipalities, and other groups.

10 Q: COULD YOU PROVIDE A BRIEF BACKGROUND OF YOUR EDUCATION AND
11 EXPERIENCE?

12 A: I hold a Bachelor's degree in Finance and a Master's degree in Economics. My career in
13 the utility, business and financial arenas spans over twenty-nine years of experience,
14 working with: General Dynamics Corporation as a Senior Financial Analyst with budgets
15 and treasury functions; El Paso Electric Corporation as an Economist, Manager of Rates
16 and Regulations, Treasurer and Manager of Internal Audit, and Vice President of
17 Acquisitions and Mergers with responsibilities to select and acquire operating entities and
18 investments. I have also served as the Chief Financial Officer of American States Water
19 Company, the parent company of ASUS. I am a principal in negotiations in major
20 transactions, as well as currently directing the ASUS's growth strategies. I maintain
21 professional membership in the National Investor Relations Institute (NIRI); the National
22 Association of Business Economists (NABE); the Society of Competitive Intelligence
23 Professionals (SCIP); the Financial Executives International (FEI); the Association for

1 Finance Professionals (AFP); and the Risk and Insurance Management Society (RIMS).

2 I am a member of the Phi Kappa Phi Scholastic Honor Society.

3 Q: ARE YOU FAMILIAR WITH THE APPLICANT'S APPLICATION FOR
4 CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY SUBMITTED TO
5 THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION, AND ALL EXHIBITS
6 ATTACHED THERETO?

7 A: Yes.

8 Q: DO YOU CONFIRM THE STATEMENTS AND REPRESENTATIONS MADE IN
9 THE AFORESAID APPLICATION, AND ALL EXHIBITS ATTACHED THERETO?

10 A: Yes.

11 Q: WHAT SERVICES DOES THE APPLICANT INTEND TO PROVIDE IN SOUTH
12 CAROLINA?

13 A: The Applicant intends to provide water distribution and wastewater¹ collection services
14 to the United States Government (the "Government") within boundaries of the Fort
15 Jackson, South Carolina Army Installation (the "Base"). With respect to the water
16 distribution system, Applicant shall own, operate and maintain the water distribution
17 facilities from the upstream points of demarcation (*i.e.*, where water is received from the
18 City of Columbia or pumped from wells on the Base) to the downstream points of
19 demarcation, which generally are where distribution pipes enter end-user facilities. The
20 Government will retain ownership of, and responsibility for securing, the water
21 commodity itself. With respect to the wastewater collection system, Applicant shall
22 own, operate and maintain wastewater collection facilities from the points of demarcation

¹ The terms "wastewater" and "sewerage" are used interchangeably throughout this Pre-Filed Written Testimony.

1 where wastewater is collected from individual units to the downstream side of the meter
2 station where the Base discharges wastewater either to the City of Columbia's
3 wastewater treatment system or to a certain septic system.

4 Q: EXPLAIN THE CONTRACT BETWEEN THE APPLICANT AND THE
5 GOVERNMENT REGARDING THE SERVICES WHICH THE APPLICANT WILL
6 PROVIDE?

7 A: Following a competitive bid process, the Government, through the Defense Energy
8 Support Center, awarded ASUS a Utility Systems Privatization Contract, Contract No.
9 SP0600-07-C-8251 (the "Contract") to provide water distribution and wastewater
10 collection services to the Government at the Base. The Contract was executed on
11 September 14, 2007. ASUS (with the consent of the Government) will novate the
12 Contract to the Applicant prior to the conclusion of the Contract transition period.

13 Q: WHEN DOES THE APPLICANT EXPECT TO COMMENCE PERFORMANCE OF
14 ITS SERVICES AT THE BASE?

15 A: The Applicant intends to commence performance of its water distribution and wastewater
16 collection services to the Government at the Base after the Contract is novated to the
17 Applicant, and upon the conclusion of the Contract transition period.

18 Q: ARE YOU FAMILIAR WITH THE RATES SUBMITTED IN YOUR APPLICATION
19 FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY?

20 A: Yes. The rates which the Applicant will charge the Government (for the services
21 provided by the Applicant to the Government) are determined by the Contract. Per the
22 Contract, Applicant shall charge the Government a monthly fixed-fee contract rate for

1 such services. The rate schedule is included in the Contract. These rates are fair and
2 reasonable. Applicant does not charge the end-users on the Base for such services.

3 Q: DOES THE COMPANY HAVE ADEQUATE FINANCIAL RESOURCES TO
4 PROVIDE THE PROPOSED WATER DISTRIBUTION AND WASTEWATER
5 COLLECTION SERVICES AT FORT JACKSON, SOUTH CAROLINA PROPERLY
6 AND CONTINUOUSLY?

7 A: Yes. Applicant has executed a certain promissory note in favor of ASUS to capitalize
8 Applicant's initial costs under the Contract; Applicant is a start-up corporation. Further,
9 Applicant has filed with the Public Service Commission (the "Commission") an
10 Application for Authority to Issue and Sell Securities (Long-Term Debt or Equity) to
11 obtain the Commission's approval regarding same. However, apart from such initial
12 capitalization, Applicant fully expects that it will perform its duties under the Contract
13 through its own financial resources. In addition, American States Water Company, the
14 parent company of ASUS, has provided the Government with an unconditional Guaranty
15 of all requirements in the Contract. The Guaranty applies to all successors and assigns of
16 ASUS, which includes Applicant. This guaranty was satisfactory to the Government in
17 lieu of a performance bond.

18 Q: IS THE APPROVAL OF THE APPLICANT'S APPLICATION FOR CERTIFICATE
19 OF PUBLIC CONVENIENCE AND NECESSITY IN THE PUBLIC'S BEST
20 INTEREST IN THE STATE OF SOUTH CAROLINA?

21 A: Yes.

22 Q: HAS THE APPLICANT BEEN CONTACTED BY THE SOUTH CAROLINA OFFICE
23 OF THE REGULATORY STAFF REGARDING THE AFORESAID APPLICATION?

24 A: Yes.

1 Q: HAS THE APPLICANT ENTERED INTO A SETTLEMENT AGREEMENT WITH
2 THE SOUTH CAROLINA OFFICE OF THE REGULATORY STAFF REGARDING
3 THE AFORESAID APPLICATION?

4 A: The Applicant intends to enter into a settlement agreement with the South Carolina
5 Office of the Regulatory Staff (the "ORS") regarding the Applicant's Application for
6 Certificate of Public Convenience and Necessity. The Applicant and the ORS have
7 agreed, in principal, to the terms of such settlement agreement, but the settlement
8 agreement has not been executed at this time. The Applicant and the ORS will file this
9 settlement agreement with the Commission.

10 Q: DOES THIS COMPLETE YOUR TESTIMONY IN SUPPORT OF THE AFORESAID
11 APPLICATION?

12 A: Yes.

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DOCKET NO. 2007-356-WS

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WRITTEN TESTIMONY OF
McCLELLAN HARRIS III
ON BEHALF OF
PALMETTO STATE UTILITY
SERVICES, INC.

VERIFICATION

I, McClellan Harris III, hereby declare, under penalty of perjury under laws of the United States of America, I have read the foregoing Pre-Filed Written Testimony of myself, McClellan Harris III, on behalf of Palmetto State Utility Services, Inc. with regard to Palmetto State Utility Services, Inc.'s Application for a Certificate of Public Convenience and Necessity to Provide Water and Sewerage Services in the State of South Carolina and that the information contained therein is true and correct to the best of my knowledge, information, and belief.

The undersigned declares under penalty of perjury that the foregoing is true and correct.

Executed on December 18, 2007, in the City of Costa Mesa, California.

By: _____

McClellan Harris III

Senior Vice President and Assistant Secretary
Palmetto Utility Services, Inc.

STATE OF CALIFORNIA
COUNTY OF ORANGE

)
)

On December 18, 2007, before me, Alisa M. Haase, A Notary Public personally appeared McClellan Harris III, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity as Senior Vice President and Assistant Secretary of Palmetto State Utility Services, Inc., and that by his signature on the instrument the entity upon behalf of which the person acted executed the instrument.

Alisa M. Haase
Notary Public

My Commission Expires: May 16, 2008



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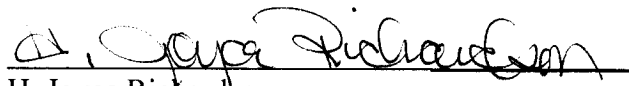
IN RE:

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Convenience and Necessity.

CERTIFICATE OF SERVICE

I, H. Joyce Richardson, do hereby certify that on December 19, 2007, I caused to have served the foregoing **Written Testimony Of McClellan Harris III On Behalf Of Palmetto State Utility Services, Inc.** on the counsel of record, by having a copy of the same placed in the United States Postal Service, proper postage affixed thereto, addressed as follows:

Shealy Boland Reibold, Esquire
South Carolina Office of Regulatory Staff
1441 Main Street, Suite 300
Columbia, South Carolina 29201



H. Joyce Richardson
Administrative Assistant to Marcus A. Manos

Columbia, South Carolina